The nominal value of production must equal the nominal value of total factor payments, including the (present value of the) cost of post-retirement health benefits,

(A24) $\Sigma_i P_i Y_i = rK^* + w\Sigma_i D_i N_i$

The nominal value of total resources available to the household, I, equals the initial holding of money $M^*$ plus capital income $rK^*$, wage income, $w\Sigma_i N_i$, and the present value of post retirement health benefits $\pi = w\Sigma_i (D_i - 1) N_i$ so that

(A25) $I = M^* + rK^* + w\Sigma_i D_i N_i$

The solution to the model consists of the equilibrium conditions (A20) - (A25), the production functions (A16), the labor demand equations (A18), the capital demand equations (A19), and the definition of the price index (A4).

## Part II: Calibration of the model

The model is calibrated so that in the absence of FAS 106 it yields an allocation of labor across sectors that matches the actual allocation of labor across sectors. It is also calibrated such that in the absence of FAS 106, all nominal prices are equal to one.

Inputs to the calibration procedure:

$\eta$, the elasticity of labor supply

$\theta$, the elasticity of substitution between the consumption of any two goods

$\gamma$, the share of nominal expenditure devoted to produced goods

$N_o^*$, the initial total amount of labor to be allocated across sectors

$K^*$, the fixed total amount of capital to be allocated across sectors

$\rho_i$, the share of labor in total cost in sector i

$D_i$, the FAS 106 cost factor in sector i (equal to 1 in the absence of FAS 106)

$s^N{}_i = N_i/N^*$, the fraction of labor employed in sector i

In the initial calibration, all nominal prices are set equal to one

(B1) $P_i = 1, \qquad i = 1,\ldots,m$

(B2) $P = 1$

The amount of labor initially used in each sector follows directly from the fraction of the labor force employed in sector i, $s^N{}_i$, and the total amount of labor employed, $N_o^*$

(B3) $N_i = s^N{}_i \, N_o^* \qquad\qquad i = 1,\ldots,m$

Define $s^Y{}_i = P_iY_i/\Sigma_iP_iY_i$ to be the share of sector i's output $P_iY_i$ in total output $\Sigma_iP_iY_i$. Then using the labor demand equation (A18) and the fact that the total amount of labor employed is $N_o^*$, it can be shown that

(B4) $s^Y{}_i = (D_is^N{}_i/\rho_i)/\Sigma_i(D_is^N{}_i/\rho_i) \qquad\qquad i = 1,\ldots,m$

Using the capital demand equation (A19) and the fact that the total amount of capital used is $K^*$, it can be shown that

(B5) $K_i = [(1-\rho_i)s^Y{}_i/\Sigma_i(1-\rho_i)s^Y{}_i]\, K^* \qquad\qquad i = 1,\ldots,m$

Normalize $A_1 = 1$ so that the production function in the first sector is

(B6) $Y_1 = N_1^{\rho_1} K_1^{1-\rho_1}$

Using $Y_1$ from (B6), the nominal wage and the nominal rental price of capital can be determined from the first-order conditions (A18) and (A19) for sector 1 to obtain

(B7) $w = \rho_1 Y_1 P_1/(D_1 N_1)$

(B8) $r = (1-\rho_1) Y_1 P_1/K_1$

Now calculate $\nu$ in the labor supply curve (eq. A15) as

(B9) $\nu = N_o^*(P/w)^\eta$

To calibrate $A_i$, $i = 2,\ldots,m$, substitute the production function (A16) into the first-order condition for labor (A18) and set $P_i = 1$ (eq. B1) to obtain

(B10) $A_i = (D_i w/\rho_i)(N_i/K_i)^{1-\rho_i}$ $\qquad i = 2,\ldots,m$

Now set all prices equal to 1 in the equilibrium condition (A23), and use (A22) to obtain

(B11) $Y_i = \alpha_i^\theta (\gamma/(1-\gamma))M^*$

Summing (B11) over all i we obtain

(B12) $\Sigma_i Y_i = (\gamma/(1-\gamma))M^* \; \Sigma_i \alpha_i^\theta$

Now observe that with $P = P_i = 1$ for all i, equation (A4) implies that

(B13) $\Sigma_i \alpha_i^\theta = 1$

Substituting (B13) into (B12) and rearranging yields

(B14) $M^* = ((1-\gamma)/\gamma) \; \Sigma_i Y_i$

Finally, substituting (B14) into (B11) and recalling that when $P_i = P = 1$, $s^Y_i = Y_i/\Sigma Y_i$, we obtain

(B15) $\alpha_i^\theta = s^Y_i \qquad i = 1,\ldots,m.$

ATTACHMENT B

# ATTACHMENT B

The following represents a range of cost estimates for the NYNEX Telephone Companies developed in conjunction with the enrolled Actuary, Hewitt Associates. All estimates assume 20 year amortization of the Transition Obligation.

High Estimate: Employer Cap on Nonmanagement Health Care Costs Projected at Full Medical Trend:

Low Estimate: Employer Cap on Nonmanagement Health Care Costs is Fixed at its 1995 level

If Adopted 1/1/93

Interstate Revenue Requirement Study
Incremental Impact of SFAS 106
(S Millions)

| | High | Low |
|---|---|---|
| Total SFAS No. 106 Accrual | 157.0 | 100.0 |
| Pay As You Go Amount | 52.0 | 52.0 |
| Incremental Expense | 105.0 | 48.0 |
| Incremental Rate Base Impact | (4.0) | (3.0) |
| Incremental Revenue Requirement | 101.0 | 45.0 |

If Adopted 1/1/92

Interstate Revenue Requirement Study
Incremental Impact of SFAS 106
($ Millions)

| | High | Low |
|---|---|---|
| Total SFAS 106 Accrual | 151.0 | 100.0 |
| Pay As You Go Amount | 48.0 | 48.0 |
| Incremental Expense | 103.0 | 52.0 |
| Incremental Rate Base Impact | (5.0) | (2.0) |
| Incremental Revenue Requirement | 98.0 | 50.0 |

**ATTACHMENT C**

# OPEB ALLOCATIONS

## ASSUMPTIONS

- ADOPT 1/1/93

- PERCENTAGE ALLOCATION BASED ON NTC 1991 ARMIS 43-01 DATA
  TOTAL OPERATING COSTS LESS DEPRECIATION/AMORTIZATION:

| CL | TS | SA | IX | B&C | TOTAL |
|---|---|---|---|---|---|
| 34.05% | 44.98% | 13.13% | 0.35% | 7.49% | 100.00% |

- EXOGENOUS COST IS 84.8% OF TOTAL COST PER GODWINS STUDY

## SCENARIO I ($000)

TOTAL=$101,000
EXOGENOUS=$85,648

| CL | TS | SA | IX | B&C | TOTAL |
|---|---|---|---|---|---|
| $29,163 | $38,524 | $11,246 | $300 | $6,415 | $85,648 |

## SCENARIO II ($000)

TOTAL=$45,000
EXOGENOUS=$38,160

| CL | TS | SA | IX | B&C | TOTAL |
|---|---|---|---|---|---|
| $12,993 | $17,164 | $5,010 | $134 | $2,858 | $38,160 |

# OPEB ALLOCATIONS

## ASSUMPTIONS

- ADOPT 1/1/92
- PERCENTAGE ALLOCATION BASED ON NTC 1991 ARMIS 43-01 DATA TOTAL OPERATING COSTS LESS DEPRECIATION/AMORTIZATION:

| CL | TS | SA | IX | B&C | TOTAL |
|---|---|---|---|---|---|
| 34.05% | 44.98% | 13.13% | 0.35% | 7.49% | 100.00% |

- EXOGENOUS COST IS 84.8% OF TOTAL COST PER GODWINS STUDY

## SCENARIO I ($000)

TOTAL=$98,000,000
EXOGENOUS=$83,104,000

| CL | TS | SA | IX | B&C | TOTAL |
|---|---|---|---|---|---|
| $28,297 | $37,380 | $10,912 | $291 | $6,224 | $83,104 |

## SCENARIO II ($000)

TOTAL=$50,000,000
EXOGENOUS=$42,400,000

| CL | TS | SA | IX | B&C | TOTAL |
|---|---|---|---|---|---|
| $14,437 | $19,072 | $5,567 | $148 | $3,176 | $42,400 |

**ATTACHMENT D**

# FORM 10-K

## SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, DC 20549

(Mark one)

[✓] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 1991

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from ________ to ________

Commission file number 1-1150

# New England Telephone and Telegraph Company

A New York Corporation

I.R.S. Employer Identification Number 04-1664340

125 High Street, Boston, Massachusetts 02110
Telephone Number (617) 743-9800

Securities registered pursuant to Section 12(b) of the Act: None.

Securities registered pursuant to Section 12(g) of the Act: None.

THE REGISTRANT, A WHOLLY-OWNED SUBSIDIARY OF NYNEX CORPORATION, MEETS THE CONDITIONS SET FORTH IN GENERAL INSTRUCTION J(1)(a) AND (b) OF FORM 10-K AND IS THEREFORE FILING THIS FORM WITH REDUCED DISCLOSURE FORMAT PURSUANT TO GENERAL INSTRUCTION J(2).

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ✓ No ....

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [ ]*

*Not applicable

DOCUMENTS INCORPORATED BY REFERENCE:

None.

NOTES TO FINANCIAL STATEMENTS (continued)

(see Organizational Restructuring included in Management's Discussion and Analysis of Results of Operations). Based on historical precedent, management anticipates future recovery of these deferred costs through the rate-making process.

In January 1992, the Company announced that management employees who leave the Company under the Force Management Plan during 1992 and are at least 21 years old with at least one year of service as of December 26, 1991 may elect to receive their NYNEX Management Pension Plan benefit in a lump sum distribution, or as a monthly annuity beginning when they leave the Company. In addition, management employees who are not eligible for a service pension retain the existing option of waiting until retirement age before receiving their pension benefit.

During 1990, the projected benefit obligation increased by $8.3 million for the 1989 early retirement plans for management and nonmanagement employees, of which $1.7 million was expensed and $6.6 million was deferred. Based on historical precedent, management anticipates future recovery of these deferred costs through the rate-making process.

Postretirement Benefits Other Than Pensions

The Company provides certain health care and life insurance benefits for retired employees and their families. Substantially all of the Company's employees may become eligible for these benefits if they reach pension eligibility while working for the Company. Most of these benefits are provided through an insurance company whose premiums are funded as benefits are paid. Total costs of providing benefits for retired employees and their families were $45.7, $39.6 and $33.2 million in 1991, 1990 and 1989, respectively.

In September 1991, under the provisions of the Omnibus Budget Reconciliation Act of 1990, a portion of excess pension assets totalling $133 million was transferred from the two NYNEX pension plans to health care benefit accounts established within the pension plans for reimbursement of retiree health care benefits paid by NYNEX during the 1990 tax year, of which $38 million represent benefits paid by the Company. NYNEX then established and made contributions to two separate Voluntary Employees' Beneficiary Association Trusts ("VEBA Trusts"), one for management and the other for nonmanagement, in amounts equal to the excess pension assets transferred. The VEBA Trusts were established to begin prefunding postretirement health care benefits. In December 1991, additional excess pension assets totalling $148 million were transferred from the NYNEX pension plans to health care benefit accounts within the pension plans for reimbursement of retiree health care benefits paid by NYNEX during the 1991 tax year, of which $42 million represent benefits paid by the Company. NYNEX also made contributions to the VEBA Trusts in amounts equal to the excess pension assets transferred in December. The transfer of the excess pension assets and the establishment of the VEBA Trusts had an insignificant impact on the Company's results of operations and financial position.

NOTES TO FINANCIAL STATEMENTS (continued)

In December 1990, the FASB issued Statement of Financial Accounting Standards No. 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions" ("Statement No. 106"). Adoption of this standard is required by the Company no later than January 1, 1993. Statement No. 106 will change the current practice of accounting for nonpension retirement benefits from recognizing costs as benefits are paid to accruing the expected costs of providing these benefits during an employee's working life. Upon adoption of Statement No. 106, companies will be required to recognize the liability to current and retired employees either immediately or over a period not to exceed 20 years.

Management is currently evaluating the financial impact of this accounting standard. Initial estimates indicate that the related annual expense, assuming 20 year amortization, will increase by approximately two to three times above the projected 1993 expense levels, and the initial unfunded accumulated postretirement benefit obligation will be in the range of approximately $0.9 billion to $1.3 billion at adoption. Management is unable to predict with any certainty what effects the future regulatory environment may have on the ultimate financial impact of the new standard.

(D) Common Stock

In 1991, the equity capital of the Company increased $75 million through an equity investment made by NYNEX. In 1990, the equity capital of the Company increased $98.8 million due to a $75 million equity investment made by NYNEX and $23.8 million from the transfer of ownership of NYNEX Materiel Enterprises Company and NYNEX Systems Marketing (New England) Company.

(E) Long-term Debt

Interest rates and maturities on long-term debt outstanding at December 31, 1991 and 1990 are as follows:

| Dollars in Millions | Interest Rates | Maturities | December 31, 1991 | December 31, 1990 |
|---|---|---|---|---|
| Debentures:. . . . . . . . . . | 4% - 8 1/5% | 1993-2005 | $ 920.0 | $ 920.0 |
| | 6 1/8% - 9 1/2% | 2006-2010 | 655.0 | 655.0 |
| | 9% | 2026-2031 | 450.0 | 350.0 |
| Notes: . . . . . . . . . . . . | 9 1/2% | 1992 | - | 200.0 |
| | 8 5/8% | 2001 | 100.0 | - |
| Capital Leases . . . . . . . | | | 5.0 | 7.5 |
| Unamortized discount - net . | | | (17.2) | (15.1) |
| Total Long-term debt . . . . | | | $2,112.8 | $2,117.4 |

# FORM 10-K

# SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

(Mark one)

[✓] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 1991

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from ________ to ________

Commission file number 1-3435

# New York Telephone Company

A New York Corporation — I.R.S. Employer Identification Number 13-5275510

1095 Avenue of the Americas, New York, New York 10036
Telephone Number (212) 395-2121

**Securities registered pursuant to Section 12(b) of the Act:** None.

**Securities registered pursuant to Section 12(g) of the Act:** None.

**THE REGISTRANT, A WHOLLY-OWNED SUBSIDIARY OF NYNEX CORPORATION, MEETS THE CONDITIONS SET FORTH IN GENERAL INSTRUCTION J(1)(a) AND (b) OF FORM 10-K AND IS THEREFORE FILING THIS FORM WITH REDUCED DISCLOSURE FORMAT PURSUANT TO GENERAL INSTRUCTION J(2).**

**Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ✓ No ____**

**Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [ ]***

***Not applicable**

**DOCUMENTS INCORPORATED BY REFERENCE:**

None.

## Postretirement Benefits Other Than Pensions

The Company provides certain health care and life insurance benefits for retired employees and their families. Substantially all of the Company's employees may become eligible for these benefits if they reach pension eligibility while working for the Company. Most of these benefits are provided through an insurance company whose premiums are funded as benefits are paid. Total costs of providing benefits for approximately 39,000 retired employees and their families were $91.6, $68.1 and $80.9 million in 1991, 1990 and 1989, respectively.

In September 1991, under the provisions of the Omnibus Budget Reconciliation Act of 1990, a portion of excess pension assets totaling $133 million were transferred from the two NYNEX pension plans to health care benefit accounts established within the respective pension plans. The funds were used for reimbursement of retiree health care benefits paid by NYNEX during the 1990 tax year, of which $69 million represented benefits paid by the Company. NYNEX then established and made contributions to two separate Voluntary Employees' Beneficiary Association Trusts ("VEBA Trusts"), one for management and the other for nonmanagement, in amounts equal to the excess pension assets transferred. The VEBA Trusts were established to begin prefunding postretirement health care benefits. In December 1991, additional excess pension assets totaling $148 million were transferred from the NYNEX pension plans to health care benefit accounts within the pension plans. The funds were used for reimbursement of retiree health care benefits paid by NYNEX during the 1991 tax year, of which $76 million represented benefits paid by the Company. NYNEX made contributions to the VEBA Trusts in amounts equal to the excess pension assets transferred in December. The transfer of excess pension assets and the establishment of the VEBA Trusts had an insignificant impact on the Company's results of operations and financial position.

In December 1990, the FASB issued Statement of Financial Accounting Standards No. 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions" ("Statement No. 106"). The Company must adopt this standard no later than January 1, 1993. Statement No. 106 will change the current practice of accounting for nonpension retirement benefits from recognizing costs as benefits are paid to accruing the expected cost of providing these benefits during an employee's working life. Upon adoption of Statement No. 106, companies will be required to recognize the liability to current and retired employees either immediately or over a period not to exceed 20 years.

Management is currently evaluating the financial accounting impact of this accounting standard. Initial estimates indicate that the related annual expense, assuming 20 year amortization, will increase by approximately two to three times above the projected 1993 expense levels, and the initial unfunded accumulated postretirement benefit obligation will be in the range of approximately $1.8 billion to $2.7 billion at adoption. Management is unable to predict with any certainty what effects the future regulatory environment may have on the ultimate financial impact of the new standard.


NYNEX
Corporatio

1991
Annual Repo

The following table sets forth the Plans' funded status and amounts recognized in the consolidated balance sheets:

| In millions | December 31, 1991 | 1990 |
|---|---|---|
| Actuarial present value of accumulated benefit obligation, including vested benefits of $9,514 and $8,821, respectively | $10,277 | $ 9,450 |
| Plan assets at fair value, primarily listed stock, corporate and governmental debt and real estate | $14,081 | $12,510 |
| Less: Actuarial present value of projected benefit obligation | 11,897 | 10,818 |
| Excess of plan assets over projected benefit obligation | 2,184 | 1,692 |
| Unrecognized prior service cost | 22 | (33) |
| Unrecognized net gain | (2,833) | (1,426) |
| Unrecognized transition asset | (669) | (729) |
| Accrued pension cost | $ (1,296) | $ (496) |

The assumptions used to determine the projected benefit obligation as of December 31, 1991 and 1990 include a discount rate of 8.5% and an increase of 4.0% to 5.5% in future compensation levels, in each year. The expected long-term rate of return on pension fund assets used to calculate pension expense was 8.5% in 1991 and 1990 and 8% in 1989. From time to time, the Plans have been amended to increase the level of plan benefits. The actuarial projections included herein anticipate similar action in the future.

In April 1991, NYNEX offered a voluntary management early retirement program. The impact on the projected benefit obligation was not significant. In September 1991, as part of agreements reached between NYNEX and its unions extending collective bargaining agreements through August 5, 1995, NYNEX amended its nonmanagement pension plan to provide an early retirement incentive, which increased the projected benefit obligation by $491.8 million, of which $150.0 million was expensed and $341.8 million was deferred. The expense associated with the nonmanagement early retirement incentive was included in the charges for force reduction programs in the fourth quarter of 1991 (see Organizational Restructuring included in Management's Discussion and Analysis of Financial Condition and Results of Operations). Management anticipates future recovery of these deferred costs through the rate-making process.

In January 1992, NYNEX announced that management employees who leave NYNEX under the Force Management Plan during 1992 and are at least 21 years old with at least one year of service as of December 26, 1991 may elect to receive their NYNEX Management Pension Plan benefit in a lump sum distribution, or as a monthly annuity beginning when they leave NYNEX. In addition, employees who are not yet eligible for a service pension retain the existing option of waiting until retirement age before receiving their pension benefit.

During 1990, the projected benefit obligation increased by $128.5 million for the 1989 early retirement plans for management and nonmanagement employees, of which $73.2 million was expensed and $55.3 million was deferred. Management anticipates future recovery of these deferred costs through the rate-making process.

**Postretirement Benefits Other Than Pensions**

NYNEX provides certain health care and life insurance benefits for retired employees and their families. Substantially all of NYNEX's employees may become eligible for these benefits if they reach pension eligibility while working for NYNEX. Most of the benefits are provided through an insurance company whose premiums are funded as benefits are paid. Total costs of providing benefits for retired employees and their families were $153.9, $133.8 and $117.5 million in 1991, 1990 and 1989, respectively.

In September 1991, under the provisions of the Omnibus Budget Reconciliation Act of 1990, a portion of excess pension assets totalling $133 million were transferred from the two NYNEX pension plans to health care benefit accounts established within the respective pension plans for reimbursement of retiree health care benefits paid by NYNEX during the 1990 tax year. NYNEX then established and made contributions to two separate Voluntary Employees' Beneficiary Association Trusts ("VEBA Trusts"), one for management and the other for nonmanagement, in amounts equal to the excess pension assets transferred. The VEBA Trusts were established to begin prefunding postretirement health care benefits. In December 1991, additional excess pension assets totalling $148 million were transferred from the NYNEX pension plans to health care benefit accounts within the pension plans for reimbursement of 1991 retiree health care benefits. NYNEX also made contributions to the VEBA Trusts in amounts equal to the excess pension assets transferred in December 1991. The transfer of the excess pension assets and the establishment of the VEBA Trusts had an insignificant impact on NYNEX's results of operations and financial position.

In December 1990, the FASB issued Statement of Financial Accounting Standards No. 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions" ("Statement No. 106"). Adoption of this standard is required by NYNEX no later than January 1, 1993. Statement No. 106 will change the current practice of accounting for nonpension retirement benefits from recognizing costs as benefits are paid to accruing the expected cost of providing these benefits during an employee's working life. Upon adoption of Statement No. 106, companies will be required to recognize the liability to current and retired employees either immediately or over a period not to exceed 20 years.

Management is currently evaluating the financial accounting impact of this accounting standard. Initial estimates indicate that the related annual expense, assuming 20-year amortization, will increase by approximately two to three times above the projected 1993 expense levels, and the initial unfunded accumulated postretirement benefit obligation will be in the range of approximately $3.5 billion to $5.0 billion at adoption. A substantial portion of the increase would be related to the telephone subsidiaries, which are subject to rate regulation. Management is unable to predict with any certainty what effects the future regulatory environment may have on the ultimate financial impact of the new standard.

## D Property, Plant and Equipment—Net

The components of property, plant and equipment—net are as follows:

| In millions | December 31, 1991 | 1990 |
|---|---|---|
| Buildings | [redacted] | $ 2,405.8 |
| Outside aerial and underground facilities | [redacted] | 10,998.5 |
| Other telephone equipment | [redacted] | 14,816.9 |
| Furniture and office equipment | [redacted] | 1,108.7 |
| Capital leases | [redacted] | 254.7 |
| Total depreciable property, plant and equipment | [redacted] | 29,584.6 |
| Less: accumulated depreciation | [redacted] | 10,786.5 |
| | [redacted] | 18,798.1 |
| Add: Land | [redacted] | 148.1 |
| Plant under construction | [redacted] | 782.7 |
| Total property, plant and equipment—net | [redacted] | $ 19,728.9 |

## E Long-term Debt

Interest rates and maturities on long-term debt outstanding are as follows:

| In millions | Interest Rates | Maturities | December 31, 1991 | 1990 |
|---|---|---|---|---|
| Refunding Mortgage Bonds: | 3⅜%–7¾% | 1993–2006 | [redacted] | $ 740.0 |
| | 6%–9% | 2007–2014 | | 1,075.0 |
| Debentures: | 4%–8⅓% | 1993–2006 | | 670.0 |
| | 6⅜%–8⅞% | 2007–2018 | | 1,805.0 |
| | 8⅝%–9¾% | 2023–2031 | | 1,250.0 |
| | 8⅝%–9¾% | 2010 | | 150.0 |
| | 7⅞% | 2029 | | 350.0 |
| Notes | 6¾%–10¼% | 1993–2008 | | 765.4 |
| Other | | | | 186.3 |
| Unamortized discount—net | | | | (46.3) |
| Total long-term debt | | | [redacted] | $ 6,945.4 |

**ATTACHMENT E**

# RETIREE HEALTH PLANS (PRE-65)

| Feature | Management Plan* | Non-Management Plan |
|---|---|---|
| • Type of plan | • Active comprehensive options | • Active basic plus major medical |
| – Comprehensive options | – \$4,000/\$8,000 deductible, 70% coinsurance, \$7,000/\$10,000 stop-loss<br>– \$600/\$1,200 deductible, 80% coinsurance, \$1,800/\$3,000 stop-loss<br>– \$350/\$700 deductible, 80% coinsurance, \$1,400/\$2,800 stop-loss | |
| – Base plan | | – 120 days hospital |
| • Other coverage | • Dental | • Dental |

*Applies to Management employees with Pension Effective Date on or after 7/2/85; all other Management retirees are covered under the provisions shown for the Non-Management Plan.

# RETIREE HEALTH PLANS (PRE-65)

| Feature | Management Plan* | Non-Management Plan |
|---|---|---|
| • Monthly retiree contributions | • Same as active | • Same as active;<br>– Contributions may be required for some HMO participants |
| • Monthly employer contributions | • Capped at annual growth in medical/dental CPI | • Actual experience; with the following caps beginning on 1/1/96 for those retiring on or after 1/1/92:<br>Single $ 6,350<br>Family $ 11,430 |

*Applies to Management employees with Pension Effective Date on or after 7/2/85; all other Management retirees are covered under the provisions shown for the Non-Management Plan.

# RETIREE HEALTH PLANS (POST-65)

| Feature | Management Plan* | Non-Management Plan |
|---|---|---|
| • Type of plan | • Comprehensive with Medicare carve-out | Pre-65 plan with Medicare carve-out |
| | • $350/$700 deductible, 80% coinsurance, $1,500/$3,000 stop-loss | |
| • Other coverage | • Dental | • Dental |
| | • Medicare Part B reimbursement | • Medicare Part B reimbursement |
| | Post-1/1/90 hires | Post-1/1/90 hires |
| | – No coverage | – No coverage |

*Applies to Management employees with Pension Effective Date on or after 7/2/85; all other Management retirees are covered under the provisions shown for the Non-Management Plan.

# RETIREE HEALTH PLANS (POST-65)

| Feature | Management Plan* | Non-Management Plan |
| --- | --- | --- |
| • Other coverage (Continued) | • Medicare Part B reimbursement (Cont.) | • Medicare Part B reimbursement (Cont.) |
| | Post-7/1/85 retirees | Post-1/1/90 retirees |
| | – $15.50 (retiree only) | – $27.90 (retiree only) |
| | | Pre-1/2/90 non-management retirees and pre-7/2/85 management retirees |
| | | – $27.90 (retiree and spouse) |

*Applies to Management employees with Pension Effective Date on or after 7/2/85; all other Management retirees are covered under the provisions shown for the Non-Management Plan.

# RETIREE HEALTH PLANS (POST-65)

| Feature | Management Plan* | Non-Management Plan |
|---|---|---|
| • Monthly retiree contributions | • None. Contributions may be required for some HMO participants | • None. Contributions may be required for some HMO participants |
| • Monthly employer contributions | • Capped at medical/dental CPI. Employer costs controlled through changes in deductible and stop-loss | • Based on actual experience; with the following caps beginning on 1/1/96 for those retiring on or after 1/1/92:<br>Single $ 2,180<br>Family $ 4,360 |

*Applies to Management employees with Pension Effective Date on or after 7/2/85; all other Management retirees are covered under the provisions shown for the Non-Management Plan.

# RETIREE LIFE INSURANCE PLANS

| Feature | Management Plan | Non-Management Plan |
| --- | --- | --- |
| • Employer-paid amount | • 1 × pay | • 1 × pay |
| • Reductions in employer-paid amount | • Reductions beginning at age 66 in 5 equal annual steps to 0.5 × pay | • Reductions beginning at age 66 in 5 equal annual steps to 0.5 × pay |

# RETIREE DISCOUNTS--CONCESSION SERVICES

- 100% for basic local service
- Service connection charges
- Custom calling (call waiting)
- Touchtone
- $90/quarter for intralata calls